CAPITALAND LIMITED

(Incorporated in the Republic of Singapore)
Company Registration No.: 198900036N

ANNOUNCEMENT

INJECTION OF (I) RAFFLES CITY SHANGHAI, (II) RAFFLES CITY BEIJING, (III) RAFFLES CITY CHENGDU AND (IV) RAFFLES CITY HANGZHOU INTO RAFFLES CITY CHINA FUND LIMITED

1. Introduction

Further to its announcement dated 16 July 2008 on the establishment of Raffles City China Fund Limited (the "Fund") which is an integrated development private equity fund in China, CapitaLand Limited ("CapitaLand") wishes to announce that it has, through its indirect wholly-owned subsidiaries, entered into four share purchase agreements (the "Agreements") with wholly-owned subsidiaries of the Fund. Pursuant to the Agreements, CapitaLand will sell to the Fund (the "Sale") its interests in the companies holding the four integrated developments in China, namely Raffles City Shanghai, Raffles City Beijing, Raffles City Chengdu and Raffles City Hangzhou. CapitaLand currently has a 50% indirect interest in the Fund. The Fund is managed by RCCF Management Pte. Ltd. ("RCCF Management"), an indirect wholly-owned subsidiary of CapitaLand.

2. The Transactions

Raffles City Shanghai

CapitaLand through its wholly-owned subsidiaries, CapitaLand China Holdings (Commercial) Pte Ltd and CapitaLand China Commercial Investment Limited (the "RCS Vendors") will sell their entire combined stake of 58.83% (comprising 588,252 ordinary shares) in Hua Qing Holdings Pte Ltd ("Hua Qing"). Hua Qing in turn holds a 95% stake in Shanghai Hua Qing Real Estate Development Co., Ltd ("Shanghai Hua Qing") which owns Raffles City Shanghai. CapitaLand therefore has an effective 55.88% interest in Raffles City Shanghai. The remaining 5% stake in Shanghai Hua Qing is held by a party unrelated to the CapitaLand Group. RCCF Shanghai Limited, a wholly-owned subsidiary of the Fund will acquire the RCS Vendors' entire combined stake in Hua Qing and take an assignment of the RCS Vendors' proportionate rights in respect of their shareholders' loans to Hua Qing. Hua Qing is a company incorporated in Singapore and its principal activity is that of investment holding.

Raffles City Shanghai is a completed mixed development comprising office and retail components located in Shanghai City.

Raffles City Beijing

CapitaLand through its indirect wholly-owned subsidiary, Heatley Pte. Ltd. (“Heatley”) will sell its entire 80% stake (comprising 16 ordinary shares) in Floral Land Pte. Ltd (“Floral Land”) and the remaining 20% stake in Floral Land will also be sold by CapitaLand China Residential Fund Ltd. (“CCRF”), a fund managed by CapitaLand (Heatley and CCRF are collectively referred to as the “RCB Vendors”). CapitaLand has an indirect 33.61% stake in CCRF, giving CapitaLand an additional interest of 6.72% in Floral Land through its stake in CCRF. Floral Land is the sole shareholder of Beijing Xinjie Real Estate Development Co., Ltd. which in turn owns Raffles City Beijing. RCCF Beijing Limited, a wholly-owned subsidiary of the Fund, will acquire the RCB Vendors’ entire combined stake in Floral Land and take an assignment of the RCB Vendors’ rights in respect of their shareholders’ loans to Floral Land. Floral Land is a company incorporated in Singapore and its principal activity is that of investment holding.

Raffles City Beijing is currently under construction and it will be a mixed development comprising office, retail and serviced residence components.

Raffles City Chengdu

CapitaLand through its indirect wholly-owned subsidiary, Croydon Pte. Ltd. (the “RCC Vendor”) will sell its entire 100% stake (comprising one ordinary share) in Calderdale Pte. Ltd. (“Calderdale”). Calderdale is the sole shareholder of Chengdu Raffles Industry Co., Ltd which in turn owns Raffles City Chengdu. RCCF Chengdu Limited, a wholly-owned subsidiary of the Fund will acquire the RCC Vendor’s entire stake in Calderdale and take an assignment of the RCC Vendor’s rights in respect of its shareholder’s loan to Calderdale. Calderdale is a company incorporated in Singapore and its principal activity is that of investment holding.

Raffles City Chengdu is currently under construction and it will be a mixed development comprising office, retail, hotel and serviced residence components.

Raffles City Hangzhou

CapitaLand through its indirect wholly-owned subsidiary, CapitaLand China CCDF (Cayman) Holdings Co., Ltd. (the “RCH Vendor”) will sell its entire 100% stake (comprising one ordinary share) in Pagesus Pte. Ltd. (“Pagesus”). Pagesus is the sole shareholder of Xinyun Investment Management (Hangzhou) Co. Ltd which in turn owns Raffles City Hangzhou. RCCF Hangzhou Limited, a wholly-owned subsidiary of the Fund will acquire the RCH Vendor’s entire stake in Pagesus and take an assignment of the RCH Vendor’s rights in respect of its shareholder’s loan to Pagesus, subject to conditions precedent being fulfilled including inter alia, the issuance of the land use rights certificate. Pagesus is a company incorporated in Singapore and its principal activity is that of investment holding.

Construction of Raffles City Hangzhou has not commenced. When completed, it will be a mixed development comprising office, retail, hotel and serviced residence components.

3. Completion

Subject to the fulfilment of certain conditions precedent set out in each of the Agreements, completion for the sale of Raffles City Shanghai, Raffles City Beijing and Raffles City Chengdu is expected to take place before the end of 2008. Completion for the sale of Raffles City Hangzhou is expected to take place in 2009. Upon completion, each of Hua Qing, Floral Land, Calderdale and Pagesus will cease to be subsidiaries of CapitaLand.

4. Provisional Consideration

The aggregate cash consideration (the “Provisional Consideration”) for the Sale of approximately US$841 million (approximately S$1,149 million), subject to post-completion adjustments of (i) the consolidated net asset values of each of Hua Qing, Floral Land and Calderdale as at 30 June 2008 and (ii) the estimated consolidated net asset value of Pagesus, was arrived at on a willing-buyer and willing-seller basis and comprises the following:

(a) US$265 million (approximately S$362 million) being 58.83% of the consolidated net asset value of Hua Qing as at 30 June 2008, which takes into account, among other factors, the agreed value of Raffles City Shanghai at RMB4,510 million (approximately S$889 million) reflecting the appraised value of RMB4,837 million (approximately S$953 million) for Raffles City Shanghai being the valuation undertaken by an independent valuer commissioned by RCCF Management on 30 June 2008 and also includes the assignment of the shareholders’ loans of US$68 million (approximately S$93 million) which Hua Qing owes to the RCS Vendors as of completion date;

(b) US$130 million (approximately S$177 million) being 80% of the consolidated net asset value of Floral Land as at 30 June 2008, which takes into account, among other factors, the agreed land value of the Raffles City Beijing site at RMB1,172 million (approximately S$231 million) reflecting the appraised land value of RMB1,230 million (approximately S$242 million) for Raffles City Beijing being the valuation undertaken by an independent valuer commissioned by RCCF Management on 30 June 2008 and also includes the assignment of the shareholder’s loan of US$59 miilion (approximately S$80 million) which Floral Land owes to Heatley as of completion date;

(c) US$172 million (approximately S$236 million) being the consolidated net asset value of Calderdale as at 30 June 2008, which takes into account, among other factors, the agreed land value of the Raffles City Chengdu site at RMB1,201 million (approximately S$237 million) reflecting the appraised land value of RMB1,301 million (approximately S$256 million) for Raffles City Chengdu being the valuation undertaken by an independent valuer commissioned by RCCF Management on 30 June 2008 and also includes the assignment of the shareholder’s loan of US$127 million (approximately S$174 million) which Calderdale owes to the RCC Vendor as of completion date; and

(d) US$274 million (approximately S$375 million) being the estimated consolidated net asset value of Pagesus, which takes into account, among other factors, the agreed land value of the Raffles City Hangzhou site at RMB1,900 million (approximately S$375 million) reflecting the appraised land value of RMB1,994 million (approximately S$393 million) for Raffles City Hangzhou being the valuation undertaken by an independent valuer commissioned by RCCF Management on 30 June 2008 and also includes the assignment of the shareholder’s loan estimated to be US$153 million (approximately S$210 million) which Pagesus will owe to the RCH Vendor as of the completion date.

5. Rationale

The Sale is consistent with CapitaLand's asset productivity strategy to realise returns from its assets and redeploy sale proceeds into investments which could generate higher returns for shareholders. It is also in line with the CapitaLand Group's aim to build up real estate fund management business and share returns/upside with the like minded investors.

6. Financial Effects

CapitaLand's carrying value of its shareholding interests in Hua Qing, Floral Land, Calderdale and Pagesus, based on the management accounts of Hua Qing, Floral Land, Calderdale and Pagesus as at 30 June 2008 was approximately S$225 million. Upon completion of the Sale, CapitaLand is expected to recognise a net gain of approximately S$183 million (which includes CapitaLand's share of the gain attributable to its interest of 6.72% in Floral Land through CCRF).

Based on the audited consolidated financial statements of CapitaLand Group for the year ended 31 December 2007:

(a) assuming that the Sale had been effected on 1 January 2007, the financial impact on the earnings per share is as follows:

Earnings per share	**Year ended 31 December 2007**
Before adjusting for proposed Sale	98.6 cents
After adjusting for proposed Sale	104.5 cents

(b) assuming that the Sale had been effected on 31 December 2007, the financial impact on the net tangible asset per share is not material.

7. Discloseable Transaction

The relative figures computed on the bases set out in Rules 1006(a), 1006(b) and 1006(c) of the Listing Manual of the Singapore Exchange Securities Trading Limited are as follows:

(a) **Rule 1006(a)**
Based on the latest announced consolidated financial statements of CapitaLand Group for the period ended 30 June 2008, the aggregate consolidated net asset value of Hua Qing, Floral Land, Calderdale and Pagesus is approximately S$225 million and this constitutes 2% of the consolidated net asset value of CapitaLand Group.

(b) **Rule 1006(b)**
Based on the latest announced consolidated financial statements of CapitaLand Group for the period ended 30 June 2008, the aggregate net profits before income tax, minority interests and extraordinary items and excluding revaluation gains attributable to Hua Qing, Floral Land, Calderdale and Pagesus of approximately S$35 million constitutes 8% of the net profits before income tax, minority interests and extraordinary items, and excluding revaluation gains of CapitaLand Group.

(c) **Rule 1006(c)**
The Provisional Consideration is equivalent to 9% of the market capitalisation of CapitaLand of S$12.7 billion based on the weighted average price of CapitaLand's shares transacted on 21 August 2008, being the last market day preceding the date of the Agreements.

8. Interests of Directors and Controlling Shareholders

None of the Directors or the controlling shareholder of CapitaLand has any interest, direct or indirect, in the Sale.

9. Documents Available for Inspection

Copies of the Agreements are available for inspection by CapitaLand's shareholders during normal business hours at CapitaLand's registered office at 168 Robinson Road, #30-01 Capital Tower, Singapore 068912, for a period of three months from the date of this announcement.

By Order of the Board

Low Sai Choy
Company Secretary
22 August 2008